



The Town of
**Leesburg,
Virginia**

JOHN A. WELLS
Town Manager

25 West Market Street ■ P.O. Box 88 ■ 20178 ■ 703-771-2700 ■ FAX: 703-771-2727 ■ www.leesburgva.gov

July 1, 2005

The Honorable Mayor and Members of Council
Town of Leesburg
25 West Market Street
Leesburg, Virginia 20176

Madam Mayor and Members of Council:

The Adopted Town Budget for Fiscal Year 2006 represents the Town Council's policy priorities for the coming year within the framework of solid financial management principles. Having recently received an upgrade in our credit rating and recently adopted a new set of fiscal policies, the Town Council has put a budget in place that reflects sound financial management practices that will provide long term benefit to the Town and its residents. The FY 2006 budget was adopted with a reduction in the real property tax rate to 21 cents. This represents the first reduction in the real property tax rate in 15 years.

Financial Overview

The adopted budget, summarized below, totals \$106,657,531 million. This represents a reduction of \$2,311,993 when compared to the revised budget for FY 2005.

	<u>Revised FY 2005</u>	<u>FY 2006</u>		
	<u>Budget</u>	<u>Budget</u>	<u>Difference</u>	<u>% Change</u>
General Fund	\$36,752,091	\$39,131,280	\$2,379,189	6%
Utilities Fund	\$52,163,570	\$40,753,440	(\$11,410,130)	(22%)
Airport Fund	\$3,977,999	\$3,482,120	(\$495,879)	(12%)
Capital Projects Fund	\$16,075,864	\$23,290,691	\$7,214,827	45%
	<u>\$108,969,524</u>	<u>\$106,657,531</u>	<u>(\$2,311,993)</u>	<u>(2%)</u>

Key financial principles that are reflected in the Council's Adopted Budget include:

- Funding the Town's fiscal reserve at 15%.
- Reduction in the amount of one-time funds used to balance the budget.
- Funding the Capital Improvements Program in accordance with fiscal policies that call for the use of no more than 75% debt funding.
- An aggressive use of proffer funds for capital projects.
- An Airport Fund that will be self-sustaining in 5 years.
- Funding for community infrastructure projects such as drainage and sidewalks.

Policy and Operational Direction

Prior to the budget work sessions, the Council identified five priority areas that reflected the key issues of interest and concern facing the community:

- Land Use/Growth Management
- Finance
- Business Environment/Economic Development
- Town Environment/Quality of Life
- Governance Efficiencies

These policy areas guided the development and final adoption of the Town Budget for FY 2006.

Overall, the adopted budget maintains service levels in the community even with projected growth in population, businesses, households, and road miles. To support the policy initiatives noted above, the Council approved program changes totaling \$1,256,025.

Town Environment/Quality of Life

- Enhance our public safety efforts and build upon our recent success (as reflected by falling crime rates) by adding 6 additional officers to our police effort to establish a 2 officer /1,000 population ratio and provide added administrative support.
- Provide funding to supplement an in-house staff effort to update the Town Code.
- Increase funding significantly for the Standing Residential Traffic Committee to expand traffic calming initiatives in town.
- Improve our archival processing at Balch Library by adding staff hours.
- Fund a traffic technician to support the traffic management system.
- Enhance current security efforts to help insure a safe climate at Ida Lee Recreation Center by adding staff to assist in security monitoring.

Land Use/Growth Management

- Improve our transportation planning efforts with an additional staff position and consulting services.
- Hire an additional urban forester position in January subject to the implementation plan of the Urban Forestry Management Master Plan.

Finance

- Convert the management intern position to a management specialist that will assist with grant research/writing with a goal of improving our future financial position and providing consistent support to a variety of projects.

Business Environment/Economic Development

- Fund next phase of the way finding sign system to improve community identity and the overall tourism experience.
- Fund the downtown trolley for special events.
- Develop and update our prospective business marketing materials.

Governance Efficiencies

- Fund implementation of Phase II of the integrated management system designed to improve efficiency and services.
- Increase support for vehicle and facility maintenance to maintain quality facilities and equipment.
- Fund office space rental costs to address short-term space needs at Town Hall.

Capital Improvements

Transportation, drainage, sidewalks and trails, and expansion of our water and sewer facilities comprise the prime focus of the adopted Capital Improvements Program (CIP). The five-year CIP totals \$165.2 million. Of that total, \$55.4 million is included in the FY 2006 capital budget for 50 different projects.

The adopted capital program meets all of the newly adopted fiscal policies. Debt funding makes up only 46.2% of the overall CIP. Our policy calls for debt funding of no more than 75%. The CIP suggests new debt in the amount of \$17.2 million over the five year CIP. The CIP relies heavily on intergovernmental aid, proffers, and local tax funds. Based on the funding proposed for each project, all future debt ratios are within acceptable limits as reflected in our policy.

The CIP carries out the Council's prior commitments as reflected in the current adopted CIP. Highlights of the capital budget for FY 2006 include:

- Over \$15 million to be appropriated for streets and highway projects including funding for the revised Lowenbach proposal, the Edwards Ferry Turn Lane at the By-pass, and continued additional appropriations for the Rt. 15 Widening (South King), Sycolin Road Widening, and Battlefield Parkway.
- Approximately \$6.6 million is proposed for storm drainage projects and studies. This includes complete funding for the Ft. Evans Road sidewalk and drainage improvements, North King Street drainage improvements, Wage and Anne, and the Wilson/Pershing projects, to name a few.
- Appropriations to the Utilities Fund CIP total approximately \$26 million. The majority of these funds are for the water treatment plant expansion to 15 MGD and the water pollution control facility expansion.

Madam Mayor and Council

July 1, 2005

Page 4 of 4

- \$2.2 million is included for the Airport Fund. This includes full funding for the perimeter security fence. Of the \$805,000 cost of the fence, 97% will come from federal and state funds. The Town's portion is \$24,150.
- Parks and Recreation funding for capital projects is \$2.9 million for FY 2006.
- Finally, the second phase of the integrated management system is included using pay-as-you-go funding of \$350,000.

Accountability and Affordability

This budget, like all municipal budgets, strives to balance the needs of the community and achieve affordability. The budget sets forth an aggressive set of initiatives at the operational and capital levels that make investments and funding allocations that work to directly improve the quality of life in Leesburg. This budget also provides for a reduction in the real property tax rate and sets forth a funding plan based on a fiscal policy that will set the stage for long term financial stability.

Acknowledgements

I and the entire staff would like to acknowledge and thank the Council for the many hours that you have put into the review, consideration and adoption of the budget. I would also like to acknowledge the hard work of the town staff from all departments in the development of this budget. Budget development and administration is the largest internal undertaking of any local government. In particular I would like to acknowledge the hard work and dedication of Norm Butts, Mike Freda, Annie Carlson, Al Long and the rest of our finance staff who have coordinated this overall effort.

The staff and I will put our best efforts forward in implementing this budget and regularly reporting to you our progress.

Sincerely,

John Wells
Town Manager